



Sugar & Gur Weekly Research Report

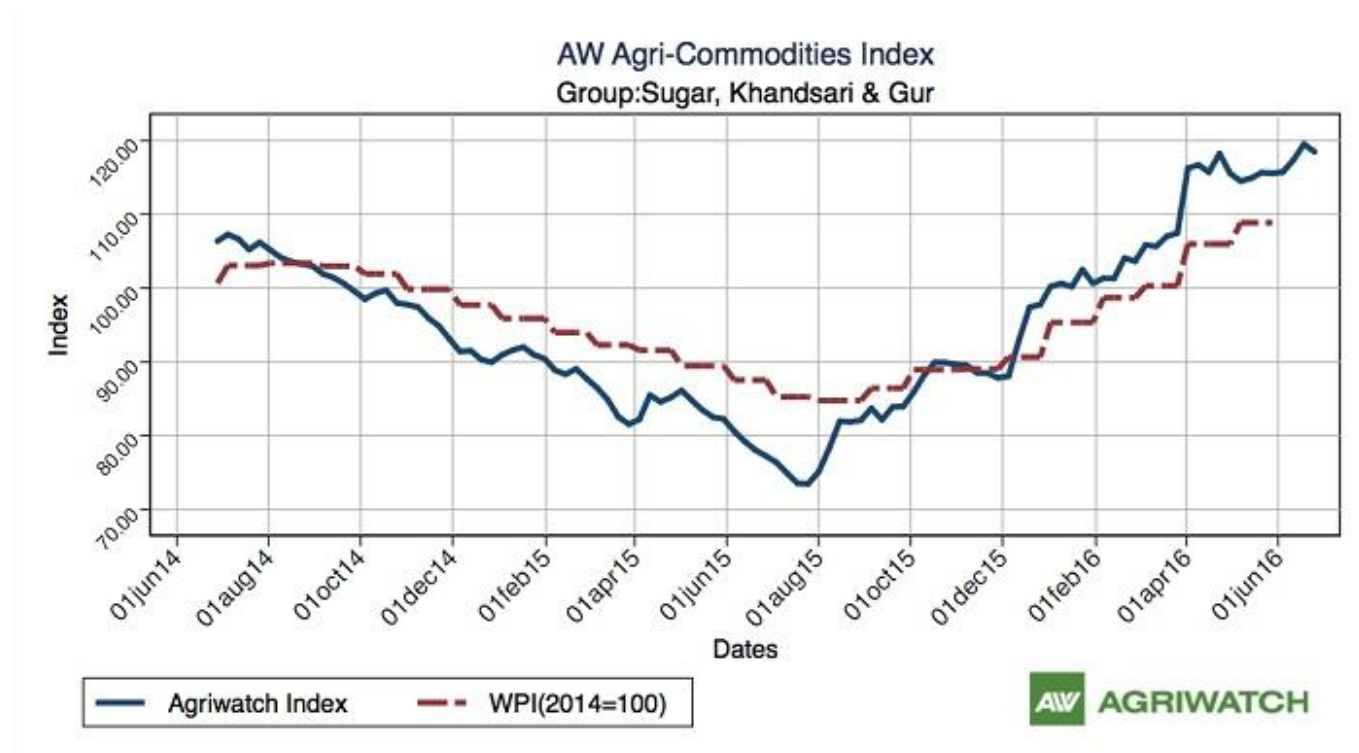
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Domestic Sugar Market Summary

Spot sugar prices in benchmark Kolhapur market traded steady to weak amid adequate stock position in the physical market and a lower domestic demand. However, as per the Agriwatch analysis, long term aspect of the sugar industry seems to be bullish with price expected to rise in future.

Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– Jul 2, 2016



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website www.agriwatch.com. The daily indices are available on subscription. Please contact for more details."

According to Agriwatch, Sweeteners (Sugar, Gur & Khandsari) Index rose by 0.06% to 118.54 during the week ending on Jul 2, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection For The Next Week

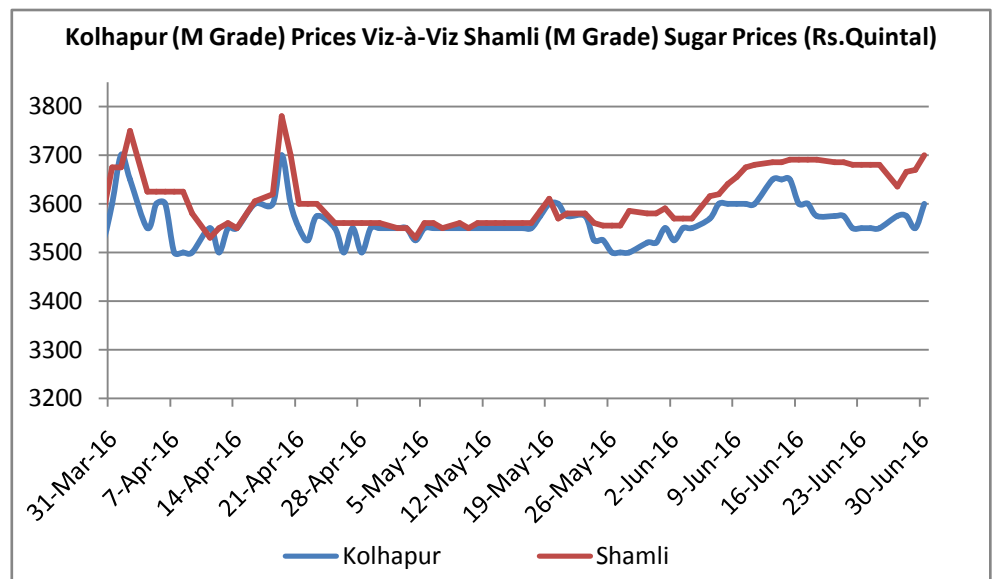
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3450 - 3650 per quintal next week.

International Sugar Market Summary

International sugar market remained buoyant with rain continuing to hamper sugarcane harvest in Brazil's main centre south region.

Domestic Market Fundamentals

- Sugar mills in India had paid approximately 92% of their cane due for MY 2015-16 (01st October, 2015 – 30th September, 2016) and are now liable to pay only Rs 42.3 billion for this season compared to a pending arrear of Rs 218 billion last year.
- Indian sugar imports rose by 51.8% while exports fell by 95% this week (ending on 26 Jun, 2016) as the country imported/exported 37.9 thousand tons and 1.7 thousand tons of sugar respectively during the period.
- As per the weekly planting report by Ministry of Agriculture, the total sown area under sugarcane cultivation in India had reached 44.38 lakh hectares in 2016-17 (till 24th June, 2016) compared to 41.58 lakh hectares in 2015-16 (till 24th June, 2015).
- According to ISMA, Maharashtra's sugar production for the year 2016-17 is expected to decline to 4.5 MT in 2016-17 on the back of a severe drought situation in the State.



- With a view to control soaring sugar prices and to contain the shipments from India, the Indian govt. had imposed an export duty of 20% on exports of sugar (raw, white or refined).
- The Karnataka govt. exempted purchase tax and cess (for the next two years i.e. till 31st March, 2018) for sugar millers in the State who comply with the payment of pending cane arrears to the farmers for the past three years i.e. 2013-14, 2014-15 and 2015-16. Notably, the Karnataka govt. generally levies a purchase tax of Rs 45/ton and Rs 35/ton on sugarcane with a recovery rate of 10.5% and less than 10.5% respectively..
- On the recommendation of CACP (Commission for Agricultural Costs and Prices), the centre had fixed all India sugarcane FRP (Fair Remunerative Prices) at Rs 2300/ton for marketing year 2016-17 (October – September).
- With a view to control soaring sugar prices, the govt. of India had allowed States to levy stock limit on sugar. And taking the initiative further, the Maharashtra govt. notified sugar stock limit of 500 MT and 50 MT respectively to the wholesalers and retailers in the State with immediate effect from 29th April, 2016 to 25th October, 2016. As per the notification, any person or agency holding sugar stock over the limit mentioned above has to clear the position within one month of receiving the stock.
- The Indian government had withdrawn its direct cane subsidy (of Rs 45/tons) support to the farmers which was initially introduced to promote sugar export from the country by lowering the burden of cane payment to those Indian sugar millers who export a certain amount of sugar abroad. But, with the withdrawal of the facility, the Indian sugar exports are expected to decline in the months ahead.
- India is soon expected to scrap its mandatory sugar export promotion scheme which made it mandatory for mills to export 3.2 MT of sugar during the year 2015-16. Lower sugar production estimate this year as well as next year could be cited responsible for the decision made. If implemented, the move is expected to bring down domestic sugar prices by increasing the domestic stock availability.
- As per the Agriwatch estimate, India is expected to produce 250 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 30th Sep, 2016) and India's sugar import is expected to rise to 24.79 lakh tons during the same period

Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$607.82 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$534.85 per ton.

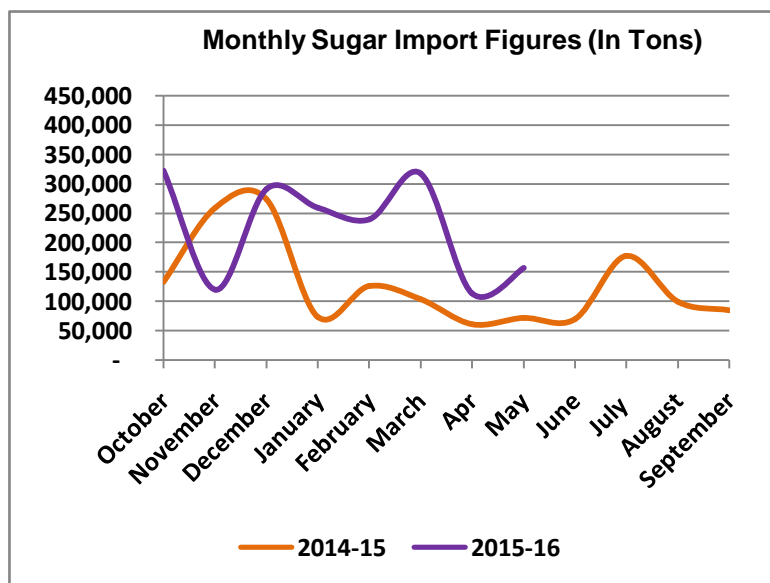
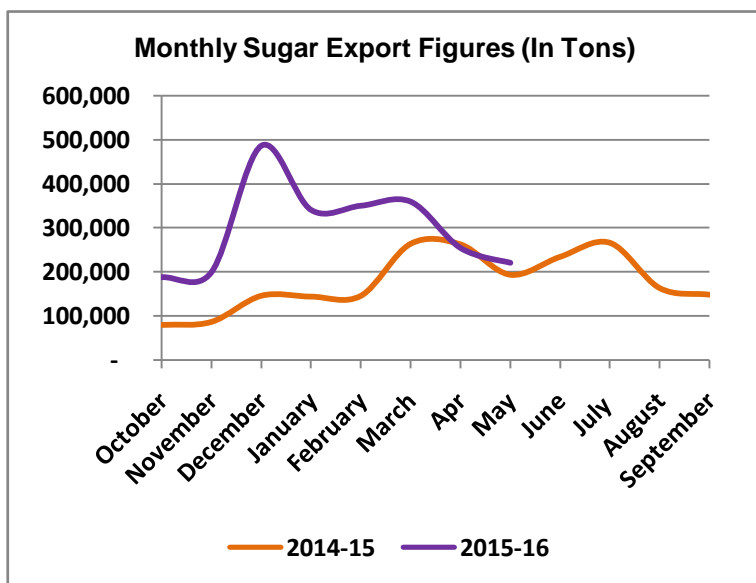
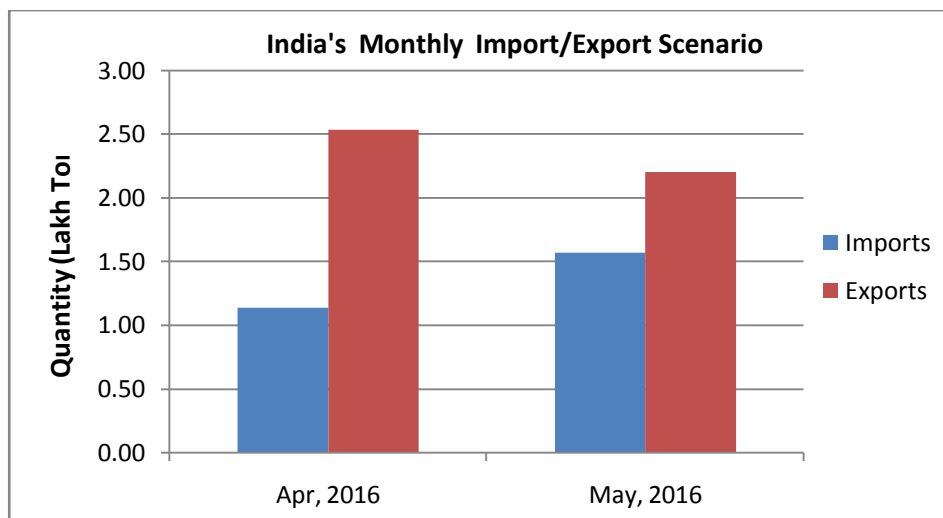
On International front, Brazil sugar FOB prices quoted at \$551.1/ Ton.

Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.44) as on 01 Jul, 2016			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$551.1	\$591.30/568.20	\$534.85

Sugar Import and Export Scenario

India exported 2.20 lakh tons of sugar while imported 1.57 lakh tons of sugar in May, 2016. However, the country exported 2.53 lakh tons of sugar in April, 2016 relative to 1.57 lakh ton of imports during the same period.



Indian sugar exports fell by 13% this month amidst removal of government direct cane subsidy (of Rs 45/tons) support to the farmers which was initially introduced to promote sugar export from the country. In addition, reports of government plans to scrap the mandatory sugar export promotion scheme are also going around which further discourage the Indian sugar exporters to trade.

Domestic Sugar Market Technical Analysis (Future Market)

SUGAR (July Weekly Chart)



Technical Commentary:

- Sugar prices, volume and O.I decreased indicating consolidation in the market.
- RSI is hovering in a neutral zone.
- MACD signal line and center line denotes bullish crossover.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	July	3400	3470	3582	3780	3850
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	Sell	Below 3590	3540	3515	3620

Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

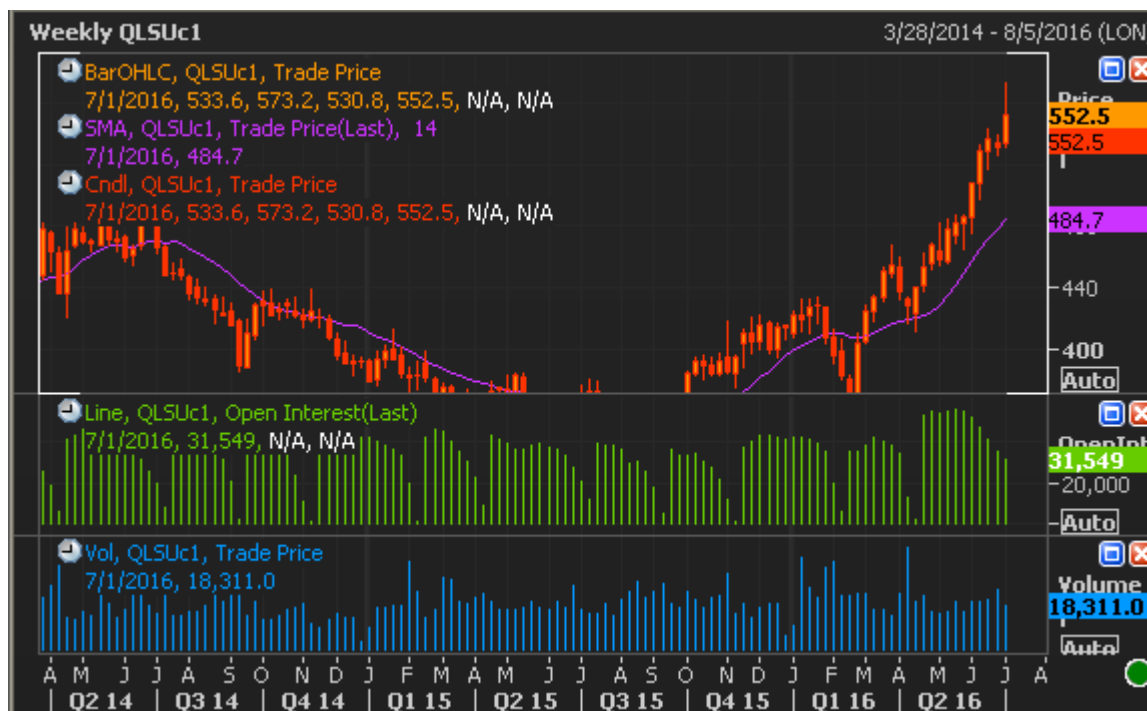


- Sugar spot prices at benchmark Kolhapur market closes at Rs 3567/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3695 and Rs 3500 per quintal.

International Market Fundamentals

- Market player, Agroconsult predicted a higher cane crop of 640 MT in Brazil's C.S region for 2017-18 (against 628 MT for 2016-17) on back of an expanded planting and crop care next year in the region.
- As per the latest UNICA report, Brazil's centre south region had crushed around 32.43 MT of sugarcane in the second half of May, 2016 to produce 1.68 MT of sugar there on. However, the number seems to be a little disappointing when compared to the sugar produced during the first half of May, 2016, as rain in the later part of the month disrupted cane harvesting in the region.
- The Indonesian govt. issued import permit for shipment of one lakh ton of white sugar in between June – October, 2016.
- Rabobank increased its global sugar supply deficit forecast (from 6.8 MT to 8.5 MT) for 2015-16 amid lower than expected production figures received in major Asian countries such as India, Thailand and China.
- The Indonesian govt. had decided to increase its raw sugar import quota by 3.81 lakh tons this year, which was in addition to a previous quota made of 1.92 lakh tons. The decision has been taken particularly to stabilize the domestic sugar market which is facing a sugar supply shortage this year.
- Green Pool predicted a global sugar supply deficit of 8.51 MT in 2015-16 (October – September) and a deficit of 6.5 MT in 2016-17 (October – September) following a drop in sugarcane crop in India and Thailand due to the adverse El Nino effect.
- FCStone raised its global sugar supply deficit forecast from 7 MT to 9.3 MT in 2015-16 (October, 2015 – September, 2016). However, the organization reduced the deficit forecast for 2016-17 (7.8 MT) on back of higher sugar production estimate next year in top producer Brazil.
- Kingsman predicted Brazil's C.S region to produce 36.4 MT of sugar next MY i.e. 2016 -17 (October- March) on back of an expected higher cane production during the year.
- Datagro predicted a global sugar supply deficit of 6.49 MT and 6.09 MT respectively in successive marketing year 2015-16 and 2016-17.
- Favorable dry weather condition and a good harvest this year led Brazil to export 1.23 MT of raw sugar in April, 2016 compared to 0.62 MT of exports made last year in April, 2015.
- The white sugar refining premium remained buoyant amid rising Chinese demand for the white sugar and restricted world supply of the commodity. In addition, the pre- Ramdan demand for the commodity too played an active role in raising the premium.
- F.O Licht raised its global sugar supply deficit forecast (from 6.5 MT to 7.2 MT) for 2015-16 on back of damage to the Chinese cane crop (due to frost) .
- Many Brazilian States are making tax changes in the price of gasoline and ethanol; in which the tax changes are moving in favor of latter while not in favor of the former. The changes had been primarily made to increase ethanol competitiveness (over gasoline) in the market so that more cane could be diverted towards ethanol production in the country.

LIFFE Future Market Sugar Scenario (Aug'16 Contract)



Technical Commentary

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.
Strategy: Buy at 553.4 with a target of 567.3

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'16	553.4	567.3

ICE Raw Sugar Future Market Scenario (Jul'16 Contract)



Technical Commentary:

- ICE raw sugar futures trend upwards for the week.
 - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 20.12 with a target of 20.35

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'16	20.12	20.35

Gur Market Scenario

Mixed sentiments were recorded in gur spot market with price rising in some market while declining in others. Prices of Mudde (Average) variety of gur from Belgaum district of Karnataka fell by Rs 167/quintal from Rs 3400/quintal to Rs 3233/quintal this week. Prices of Chaku Sukha(Cold) variety of gur from key Muzaffarnagar market too declined by Rs 100/quintal to Rs 3190/quintal this week. However, prices of Mudde (Average) variety of gur from Bangalore rose by Rs 25/quintal from Rs 4275/quintal to Rs 4300/quintal.

Technical Analysis - Gur (Chaku) at Spot (Muzaffarnagar) market



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3282/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3376 and Rs 3185 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			24th to 30th June 2016	17th to 23rd June 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3190	3290	-100
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	3125	3113	12
	Hapur	Balti	3125	3108	17
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4300	4275	25
	Belgaum	Mudde (Average)	3233	3400	-167
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3640	3642	-2
	Mahalingapura	Penti (Average)	3623	3664	-41
	Mandya	Achhu (Medium)	2925	3008	-83
	Mandya	Kurikatu (Medium)	2900	2900	Unch
	Mandya	Other (Medium)	2767	2883	-116
	Mandya	Yellow (Medium)	3000	3050	-50
	Shimoga	Achhu (Average)	4300	4300	Unch

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			30-Jun-16	23-Jun-16	30-May-16	30-Jun-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3240	3313	NA	2575
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	NA	NA
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	NA	NA
	Muzaffarnagar	Rascut (Fresh)	NA	NA	NA	2625
	Hapur	Chaurasa	3125	3125	NA	NA
	Hapur	Balti	3125	3125	NA	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	4300	4300	4000	3850
	Belgaum	Mudde (Average)	3200	NA	3000	2400
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3645	3675	3640	2500
	Mahalingapura	Penti (Average)	3556	NA	3432	2142
	Mandya	Achhu (Medium)	3000	2950	3050	2100
	Mandya	Kurikatu (Medium)	2900	2900	2800	2000
	Mandya	Other (Medium)	2750	2800	2700	2050
	Mandya	Yellow (Medium)	3000	3000	3050	2100
	Shimoga	Achhu (Average)	4300	4300	4400	2900

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			24th to 30th June 2016	17th to 23rd June 2016	
Delhi	Delhi	M-Grade	3703	3690	13
	Delhi	S-Grade	3683	3670	13
Uttar Pradesh	Khatauli	M-Grade	3712	3715	-3
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3665	3673	-8
	Dhampur	S-Grade Ex-Mill	3645	3653	-8
	Dhampur	L-Grade Ex-Mill	3715	3723	-8
Maharashtra	Mumbai	M-Grade	3800	3800	Unch
	Mumbai	S-Grade	3637	3639	-2
	Nagpur	M-Grade	3692	3695	-3
	Nagpur	S-Grade	3592	3595	-3
	Kolhapur	M-Grade	3567	3570	-3
	Kolhapur	S-Grade	3467	3570	-103
Assam	Guhawati	S-Grade	3783	3730	53
Meghalaya	Shillong	S-Grade	3787	3787	0
Andhra Pradesh	Vijayawada	M-Grade	3900	3790	110
	Vijayawada	S-Grade	3800	3900	-100
West Bengal	Kolkata	M-Grade	3820	3800	20
Tamil Nadu	Chennai	S-Grade	3425	3425	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3035	3035	Unch
	Ambikapur	S-Grade (Without Duty)	3035	3035	Unch

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			30-Jun-16	23-Jun-16	30-May-16	30-Jun-15
Delhi	Delhi	M-Grade	3725	3670	3590	2490
	Delhi	S-Grade	3705	3650	3570	2460
Uttar Pradesh	Khatauli	M-Grade	3750	3710	3635	2435
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3700	3670	3580	2400
	Dhampur	S-Grade Ex-Mill	3680	3650	3560	2380
	Dhampur	L-Grade Ex-Mill	3750	3720	3630	2450
Maharashtra	Mumbai	M-Grade	3790	3796	3770	2566
	Mumbai	S-Grade	3642	3626	3646	2240
	Nagpur	M-Grade	3725	3675	3645	2350
	Nagpur	S-Grade	3625	3575	3545	2300
	Kolhapur	M-Grade	3600	3550	3520	2135
	Kolhapur	S-Grade	3500	3450	3420	2035
Assam	Guhawati	S-Grade	3816	3766	3735	2329
Meghalaya	Shillong	S-Grade	3820	3770	3740	2355
Andhra Pradesh	Vijayawada	M-Grade	3900	3900	3900	2680
	Vijayawada	S-Grade	3800	3800	3800	2620
West Bengal	Kolkata	M-Grade	NA	NA	NA	2420
Tamil Nadu	Chennai	S-Grade	3425	3425	3450	2250
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3035	3035	3035	2835
	Ambikapur	S-Grade (Without Duty)	3035	3035	3035	2835

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)



International Sugar Prices (Weekly)				
	Contract Month	29-Jun-16	22-Jun-16	Change
ICE Sugar #11 (US Cent/lb)	Jul-16	20.82	19.04	1.78
	Oct-16	21.01	19.17	1.84
	Mar-17	21.02	19.43	1.59
LIFFE Sugar (US \$/MT)	Aug-16	568.20	530.70	37.50
	Oct-16	565.00	526.20	38.80
	Dec-16	561.20	523.70	37.50

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